vestment disputes through international arbitration, compensation in case of expropriation/nationalisation and facility for repatriation of returns etc.

Foreign Insurance Companies Invade India

232. SHRI K- R- MALKANI: Will the Minister of FINANCE be pleased to state:

fa) whether the U.S. Ambassador and several other U.S. Officers have been repeatedly urging the Government of India to permit foreign insurance companies as reported in the Pioneer, 9th August, 1994;

(b) whether Government will resist these moves;

(c) whether Indian Insurance Companies and Corporations, are in a position to face such an unequal competition; and

(d) whether Government would insist that if at all, and as and when, foreign insurance companies are allowed into India, they will be required to carry the same social and other obligations as are carried by Indian Insurance Companies and Corporations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M- V CWANDHASHEKHAR MURTHY): (a) to (d) The Government has received representations from representatives of several Governments, including the United States for opening up the insurance sector to foreign participation. Issues relating to insurance sector reform were examined by the Malhotra Committee set up by the Government and the Committee has submitted its report. The Government has not yet taken a final view on the recommendations of the Committee, including proposals for opening up insurance for foreign private participation and detailed modalities for the same.

World Bank loan to India

233. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has recently extended loan worth $70C million to India;

(b) if so, the terms and condition! of the loan agreements;

(c) the fields in which the Work Bank loan would be utilised;

(d) whether the loan will havi any impact on our financial situa tion; and

(e) if so, the details thereof?

" THE MINISTER OF STATE IN TH MINISTRY OF FINANCE (SHRI M- \ CHANDRASHEKHAR MURTHY): (3 Government of India have complete negotiations for a $700 million loa with World Bank for the Financi; Sector Development Project. The loan has yet to be approved by the Board of Directors of the World Bank.

(b) and (c) The loan, consists three components. First, a Capit Restructuring component of $3 million seeks to assist Government making Tier-II capital contribute to six nationalised banks in ord to enable them to achieve the cai tal adequacy norms stipulated, RBI. Second, the Modernisation and Institutional development comt nent of $ 150 million aims building the financial strength long term competitipeness of these Hanks in a more liberalised banking vkonment and would cover activi such as automation, computerisati assets liability and credit managem